

Antonios Lianos

From: Antonios Lianos
Sent: Friday, March 17, 2017 1:05 PM
To: Fouad Khoury
Subject: Licensing related Collateral / Kyriakos

Tracking:	Recipient	Delivery
	Fouad Khoury	Delivered: 17-Mar-17 1:05 PM

Dear Fouad,

Please note below e-mail received from Kyriakos yesterday; in a nutshell:

1. There is no available real estate to be used as collateral. As mentioned by Kyriakos, on top of the Bank related mortgages, the assets of Kalogritsas have been blocked by the Greek Authorities following evasion charges of EUR 75 MM tax brought on to them by the Justice Department's prosecutors. Therefore, for as long as those charges are not dismissed, any assignment / pledge etc. of existing or future assets of any kind cannot be made by operation of Law. (the following comment is mine: in view of this, how is CCC going to officially cooperate with them on any basis anywhere in the world – subcontract or otherwise – from a compliance point of view?)
2. Kyriakos proposed the following solution to comply with auditors and balance sheet requirements: to execute a custodial deposit receipt agreement (CDR agreement) of Greek Government Bonds issued by the Greek Ministry of Infrastructure, Transport and Networks with the Beneficiary being CCE&P; Kyriakos has access to such instruments through an existing custodial account with "The Consignment Deposits and Loans Fund" which is supervised by the Greek Minister of Finance, and statutorily authorized by Greek law to keep formal custodial accounts and to issue against such accounts formal CDR docs (Custodial Deposit Receipts)
3. Kyriakos says that the Fund is a Swift and Target 2 member and therefore the instrument is readily transferrable anywhere in the world; however, although he recognizes that the actual value of such an instrument is marginal, he claims that such a solution is much better to any private CDR or to nothing at all.

I did not ask Kyriakos how much he would charge for this operation or what would the custodial agreement commissions be (minimum tenor of 1 year, automatically renewable).

The issue is that through this operation Kyriakos would claim that the accounting problem has been solved and on top they would relax and put the return of the EUR 3 MM in the back burner. In addition, we would need to check the Legal implications of CCE&P entering in such a 3rd party agreement (those Bonds do not belong to Kalogritsas) and the Legal rationale behind such operation.

Are you interested to pursue this further? Shall I send it to Zoe for her Legal assessment?

Regards,

Tony

From: kyriakos tobras [mailto:kyrotobras@yahoo.com]
Sent: Thursday, March 16, 2017 2:29 PM
To: Antonios Lianos
Subject: TOX COLLATERAL

**VERY CONFIDENTIAL INFORMATION ON "TOX SA"
PERSONAL & CORPORATE FINANCIAL & JUDICIAL DATA.
PLEASE NEVER INFORM "TOX SA" THAT YOU'VE BEEN
INFORMED ON THIS CONFIDENTIAL DATA.**

Dear Antonis,

Following to our recent discussions regarding TOX contractual obligation to release some kind of acceptable collateral in order to secure the 3M up front payment received as cash anticipation - facilitation against future works as CCC sub-contractor, and after several meetings with TOX senior management and lawyers, hereby I forward you all the necessary information in order for you and your principals to proceed further and take the most appropriate decisions that better secure the interests of your company.

Our first choice was to investigate on the possibility of a real estate collateral on TOX or on personal TOX shareholders properties. This becomes today a really impossible mission under both the formal legal aspect and the real effectiveness of such a collateral, whereas this should be first released, and then accepted by CCC.

The point is very simple to understand, considering that all and any TOX and TOX shareholders properties are already offered as collateral to TOX primary lenders, that means the banks. And the issue could be easier to solve, if the only argument was just that.

But, unfortunately, as you have been already informed in our latest meetings, there is a second hard topic making a real estate collateral impossible to be released.

This is the recent block of all and any TOX shareholders assets by the fiscal authorities of the Greek Govt, following to the 75M fiscal evasion charges to the family by the financial prosecutors of Athens Justice dept.

That means, whereas a 2nd class real estate collateral should be in theory acceptable by CCC, even if we all know that 2nd class after the banks means "zero", this solution now becomes also impossible to legally apply and perform, considering that the assets' block by the fiscal authorities of the Greek govt makes impossible and prohibitive any kind of collateral and guarantee transaction, agreement, court decision and registration to the competent public registers (Ypothikofylakio) on TOX shareholders existing and future assets, properties and revenues of any kind, and whereas this should in some "magic" way happens, it is to consider a public offence and a very serious financial crime, automatically prosecuted under the law 1608/1950 and, considering the 3M amount, punished with a life imprisonment sentence.

After that, my suggestion is to leave this path and find an alternative solution, in order for you to comply with your auditors and balance sheet requirements.

Considering that there is not any free property, bond, share, bank account, etc. to work with at TOX and TOX shareholders assets, the only idea could be to work with a third party guarantee to

be released as an eligible collateral to the company you shall indicate as the beneficiary, on behalf and for the interest of TOX SA.

That means to proceed with a 3 parties custodial deposit agreement, with the collateral owner (usually bonds, shares, etc.) to block the asset under a formal custodial-escrow account at TPD BANK (Tameio Parakatathikon & Daneion - Deposits & Loans Bank) for a minimum period of 1 year, automatically renewable on your request for a 2nd year, etc., to the beneficiary you shall indicate and on behalf and for the interest of TOX SA.

These kind of agreements are very common in the international markets and practice, and they are also very well known at TPD Bank, which is a govt owned financial institution, SWIFT & TARGET2 member, direct supervised by the Greek Minister of Finance, and statutory authorized by the Greek law to keep formal custodial accounts and to release against such accounts formal CDR docs (Custodial Deposit Receipts).

CDR docs are world acceptable, negotiable and transferable, as they can be formally confirmed via SWIFT to any third party and/or bank, on a real bank 2 bank confirmation basis.

TPD CDR doc, compared with the other CDR world issuers, has the additional privilege of the seal and the stamp of the Greek Minister of Finance, next to the TPD seal and stamp.

Whatever could be the arguments against the real value of the sign and the seal of the "bankrupt" Greek Minister of Finance and of a Greek govt bank, I trust that, in any case, this is 100.000 times better than a private CDR or SKR issuer like IGAS etc., considering that TPD Bank is operating since 1839, being continuous solvent, liquid and never involved in bailout and/or fraud schemes of any kind.

Regarding the collateral itself, I have access to an existing custodial account at TPD bank, with beneficiary one client of mine, a Luxembourg SA corporation, where I also participate as a member of the board.

Said custodial account was opened against the physical deposit of a series of Property Bonds of the Greek Govt, issued by the Greek Ministry of Infrastructure, Transport and Networks, in order for said LUX corporation to use the relative CDR as an eligible collateral for a credit line facility at a trading platform.

Considering that, actually, the existing collateral value is exceeding the credit line facility amount, I trust I can secure a 3M bonds to be used on behalf and for the interest of TOX SA, under a formal 3 parties custodial deposit agreement, with beneficiary the company you shall indicate yourselves, with the opening of new, separate custodial account and with the release of a new, separate CDR to your beneficiary and for the amount of 3M.

This 3M CDR can be easily booked in your accounts and, in this way, you'll comply with the formalities of your auditors and balance sheets requirements, in order to book TOX SA credit as a secured credit, covered with a formal collateral.

The 3M collateral shall stay blocked under said custodial-escrow account at TPD BANK for a minimum period of 1 year, and shall be automatically renewable at your request for a 2nd year, acceptable, negotiable and transferable on a SWIFT bank 2 bank confirmation message.

In this way you can also transfer said collateral to any third company of your interest or business relationship, worldwide.

Waiting for your comments,

BRgds
Kiriakos

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